

IRS News Release

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Phone Customers Can Still Request Excise Tax Refund, IRS Says

IR-2007-144, Aug. 21, 2007

WASHINGTON — Telephone customers can still request this year's one-time excise tax refund, according to the Internal Revenue Service.

Most phone customers, including most cell-phone users, qualify for the refund. The refund covers the three-percent tax paid on long-distance and bundled service. It can add \$30 to \$60 — or even more — onto a taxpayer's refund. So far this year, 92.1 million taxpayers, 71.6 percent of all individual tax return filers, have requested telephone tax refunds totaling \$4 billion.

Eligible phone customers can request the refund on their 2006 income-tax return. This includes those who haven't filed yet or those who obtained a tax-filing extension earlier this year.

People who don't need to file a regular income-tax return can use a special short form — Form 1040EZ-T — to request the refund. Individuals with low income, including many senior citizens, may qualify to use this special form.

The government stopped collecting the long-distance excise tax last August after several federal court decisions held that the tax does not apply to long-distance service as it is billed today. The tax continues to apply to local-only phone service.

Federal officials also authorized a one-time refund of the three-percent tax collected on long-distance or bundled service billed after Feb. 28, 2003, and before Aug. 1, 2006. Bundled service is local and long-distance service provided under a plan that does not separately list the charge for local service.

Bundled service includes, for example, phone plans that provide both local and long-distance service for either a flat monthly fee or a charge that varies with the time for which the service is used. It is the type of service provided by many cell-phone companies.

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If you paid the tax and haven't filed yet, here are some tips to help you figure the refund correctly and get it quickly:

- Consider using the standard-refund amount. About 99 percent of returns requesting the telephone-tax refund are choosing the standard amount. Though the standard amount is optional, it is easy to figure and approximates the eligible amount for most telephone customers. You only have to fill out one line on your return, and you don't need to present proof to the IRS. The standard amount, ranging from \$30 to \$60, is based on the number of exemptions you can claim on your return. If you can be claimed as a dependent on someone else's return, you cannot use the standard amount.
- If you paid more than the standard amount, you may figure your refund using the actual amount of tax shown on your phone bills and other records. Base your refund request on the three-percent federal tax paid, not the total phone bill. Do not count tax paid on local-only service. You must have the phone bills or other records adequate to support the amount you are requesting. These documents should not be sent along with the refund request but should be retained in case the IRS questions the amount requested.
- If you're not sure whether you paid the tax, check the portion of your telephone bill that relates to long-distance or bundled service. Service providers use a number of different terms to identify the tax. Phrases to look for include: English-language phone bills -- Federal, Federal Excise 3%, Federal Excise @ 3%, Federal Excise Tax, Federal Tax, Fed Excise Tax and FET; Spanish-language phone bills -- Impuesto Indirecto Federal and Impuesto federal. Typically, this federal tax amount is not combined with any other tax or surcharge on a customer's bill. In other words, it is normally shown as a separate line item.
- Do not file duplicate requests. If you file a regular income-tax return, do not file Form 1040EZ-T. Designed exclusively for requesting the telephone-tax refund, this simple form is for people who don't need to file a regular income-tax return. If you want to take advantage of the retirement savers credit or earned income tax credit for low and moderate income workers, the child tax credit or other tax breaks, file a regular return and include your telephone-tax refund request on that return.
- If you already filed your return but failed to request the telephone-tax refund, you can file an amended return using Form 1040X. This form, available on IRS.gov, cannot be e-filed; it must be filed on paper. To avoid delaying a refund request, mail your completed Form 1040X at least three weeks after you filed your original return (if it was e-filed) or at least eight weeks later (if filed on paper).
- File electronically. Electronic-filing software flags often overlooked tax breaks, such as the telephone-tax refund, and helps you figure them accurately and report them properly. If you use a professional tax preparer, ask that person to e-file your return.

- E-file for free. If your income is \$52,000 or less, use the Free File link on IRS.gov to connect to a private-sector company offering free e-file services.
- Choose direct deposit. Whether you file electronically or on paper, you can get your refund at least a week sooner by having it deposited directly into your checking or savings account.
- Stay away from tax preparers who falsely claim that many, if not most, phone customers can get hundreds of dollars or more back under this program.
- Use the Telephone Excise Tax Refund section on the front page of IRS.gov. Here, you can download forms, find answers to frequently-asked questions and link to participating Free File partners.